

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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SF 2229 - Military Property Tax Credit (LSB 5650 XS)  
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Fiscal Note Version - New  
Requested by Senator Tom Hancock

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**Description**

Senate File 2229 makes all military veterans who served on active duty and received an honorable discharge eligible for the military service property tax exemption.

**Assumptions**

1. There are 292,020 veterans in Iowa.
2. Iowa's homeownership rate is 72.3%. It is assumed homeownership is the primary reason veterans claim the property tax exemption.
3. There are an estimated 211,130 veteran homeowners in Iowa.
4. An estimated 192,652 veterans will receive the military service property tax exemption in FY 2007.
5. The change in this bill makes an additional 18,478 veterans eligible for the property tax exemption.
6. The exemption is \$1,852 of the veteran's property yielding a total exempt taxable valuation of \$34.2 million.
7. The consolidated tax rate is assumed to be \$33.46, and the State funding portion for the military service property tax exemption is \$6.92 per \$1,000 of taxable valuation.
8. The school foundation uniform levy is \$5.40 per \$1,000 of taxable valuation. State Foundation Aid will increase to offset the reduction in the uniform levy revenues associated with the reduced taxable valuation.
9. To the extent that tax rates are not at the maximum permitted level, local governments will be able to adjust tax rates to offset the estimated \$1.1 million in property taxes that would have been generated by the \$34.2 million in taxable property value that will become exempt.

**Fiscal Impact**

Senate File 2229 will increase the State General Fund payment to local governments for the military service property tax exemption by an estimated \$237,000 annually. The annual increase in State Foundation Aid is estimated to be \$185,000 for a total cost to the General Fund of \$422,000.

**Sources**

U. S. Census 2000  
Department of Management  
Department of Revenue

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/s/ Holly M. Lyons

February 20, 2006

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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